

Message Text

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TAGS: ETRD, PL

SUBJECT: CABLE PLANT PROJECTS

REF: STATE 35984; WARSAW 662; AND PREVIOUS

FOR BEWT/TDAD-STECHSCHULTE AND PLANAGAN

1. NOTE: THIS TELEGRAM CONTAINS "COMMERCIALLY
CONFIDENTIAL" INFORMATION.

2. DEPUTY DIRECTOR KAZIMIERZ JEZIORSKI OF ELEKTRIM FOREIGN
TRADE COMPANY HAS REQUESTED ASSISTANCE OF EMBASSY IN RELAYING
TO GENERAL CABLE CORPORATION OF NEW YORK A MESSAGE OF FUNDA-
MENTAL IMPORTANCE WITH REGARD TO POLISH CABLE PLANT PROJECTS
ON WHICH GENERAL CABLE IS BIDDING.

3. JEZIORSKI EXPLAINED THAT ELEKTRIM HAS RESPONSIBILITY
TO CONTRACT ON BEHALF OF UNIKABLE (ASSOCIATION OF CABLE AND
ELECTRICAL ENGINEERING EQUIPMENT INDUSTRY) FOR PURCHASE, ON
TURN-KEY BASIS, OF FOUR CABLE PLANTS. PLANS HAVE BEEN
DIVIDED INTO TWO STAGES:

(A) STAGE ONE. CONTRACTS TO BE LET IN 1974 FOR
CONSTRUCTION IN 24 MONTHS OF PLANTS FOR MANUFACTURE OF
TELECOMMUNICATIONS CABLE AND ENAMELED WIRE.

(B) STATE TWO. SIGNING OF 1976 OF CONTRACTS FOR
CONSTRUCTION IN 24 MONTHS OF PLANTS TO PRODUCE POWER
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CABLE AND, SECONDLY, MINING AND SIGNALING CABLE.

4. JEZIORSKI, WHO WAS ACCOMPANIED BY ELEKTRIM PROJECT MANAGER ING. ALICJA MUELLER-HYS, SAID THAT OVERALL OPINION OF POLISH SIDE AT THIS TIME IS THAT OFFER OF GENERAL CABLE IS OF VERY HIGH LEVEL FROM TECHNICAL STANDPOINT, ALTHOUGH MORE DETAILED OFFER WILL BE REQUIRED. THEY WERE MOST IMPRESSED BY U.S. FACTORY VISIT. PROBLEM WITH GENERAL CABLE, THEY SAID, IS THAT COMPANY HAS STATED COMPENSATION IS NOT RPT NOT ACCEPTABLE MEANS OF PAYMENT. JEZIORSKI ASKED THAT GENERAL CABLE BE INFORMED THAT UNLESS IT IS PREPARED TO RECONSIDER THIS POSITION, ELEKTRIM WILL HAVE NO CHOICE BUT TO ELIMINATE IT FROM THE BIDDING. ELEKTRIM OFFICIALS SAID THEY WILL NEED TO ENTER FINAL DISCUSSION STAGE ASAP FOR FIRST TWO PLANTS (SEE PARA 3 ABOVE).

5. GIVING FURTHER DETAILS, JEZIORSKI SAID THEY NOW HAVE IN HAND QUOTATION FROM GENERAL CABLE FOR MACHINERY, EQUIPMENT, AND KNOW-HOW WHICH TOTALS APPROXIMATELY \$100 MILLION IN VALUE. TWO PLANTS IN STAGE TWO EXPECTED TO HAVE EQUIVALENT VALUE. POLES WANT EXIM CREDITS FOR EIGHT YEARS WITH TWO-YEAR GRACE PERIOD. TELECOMMUNICATION CABLE PLANT IS TO HAVE ANNUAL CAPACITY OF 36,100 KILO-METERS OF CABLE; REQUIREMENTS OF POLISH SIDE ARE THAT THERE MUST BE FULL COMPENSATION IN PRODUCTS IN PAYMENT FOR THIS PLANT, I.E., NO CASH PAYMENTS TO BE MADE TO SELLER BY ELEKTRIM.

6. ELEKTRIM OFFICIALS STRESSED THAT TECHNICAL SPECIFICATIONS OF PRODUCTS USED IN PAYMENT CAN BE AGREED LATER, BUT THAT THEY MUST HAVE AGREEMENT IN PRINCIPLE NOW FROM GENERAL CABLE ON QUESTION OF COMPENSATION. GENERAL CABLE CAN BE ASSURED, THEY SAID, THAT PRODUCTS PRODUCED IN NEW PLANTS WILL BE ON HIGHEST TECHNICAL LEVEL, QUALITY CONTROLS CAN BE BUILT INTO CONTRACT, AND GENERAL CABLE MAY ASSIGN TECHNICAL ADVISORS TO THE PLANTS. PRODUCT CAN BE BASED ON EITHER U.S. OR WESTERN EUROPEAN NORMS.

7. JEZIORSKI SAID LAST EXCHANGE OF CORRESPONDENCE WITH GENERAL CABLE WAS LAST FALL. IF GENERAL CABLE WILL ADVISE UNCLASSIFIED

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ELEKTRIM THAT IT WILLING TO ACCEPT COMPENSATION IN PRINCIPLE, THEN MORE DETAILED QUESTIONS WILL BE FORWARDED TO GENERAL CABLE, FOLLOWING WHICH COMPANY REPRESENTATIVES WILL BE INVITED TO WARSAW FOR FURTHER TALKS.

8. IN ADDITION TO COMPENSATION POINT, ELEKTRIM ASKED THAT GENERAL CABLE BE INFORMED THAT LUMP SUM BID IS NOT ACCEPTABLE TO POLISH SIDE AND IS NOT IN ACCORDANCE WITH BIDS

RECEIVED FROM OTHERS. BID SHOULD BE BROKEN DOWN TO
SHOW COSTS OF EQUIPMENT, KNOW-HOW, TRAINING, COMPUTER,
ETC.

9. ON QUESTIONING, ELETRIM OFFICIALS INDICATED THAT
OTHER BIDDERS WILLING TO ACCEPT PRINCIPLE OF COMPENSATION,
HOWEVER, THEY WERE UNWILLING TO IDENTIFY OTHER BIDDERS,
ASIDE FROM ITT, EXCEPT TO SAY THAT FRENCH, JAPANESE,
WEST GERMANS, AND BRITISH WERE AMONG THOSE INTERESTED.

10. ACTION REQUESTED. COMMERCE REQUESTED TO CONTACT
GENERAL CABLE ASAP (SUGGEST VICE PRESIDENT ROBERT
BREITBARTH IN NEW YORK) AND RELATE FOREGOING. EMBASSY
WOULD APPRECIATE BEING ADVISED OF RESPONSE AND WILL BE
PLEASED TO RELAY MESSAGE TO ELEKTRIM. (BEGIN FYI:
JEZIORSKI SAID INITIAL BID AND STANCE OF ITT IS GENERALLY
ACCEPTABLE, BUT THAT DETAILED DISUCSSIONS WILL BE REQUIRED
WITH ITT OFFICIALS. END FYI).
DAVIES

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